

**CUBA'S EXPROPRIATION OF U.S.-OWNED  
NICKEL PLANT AT NICARO, CUBA**

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**TWELFTH REPORT**

BY THE

**COMMITTEE ON GOVERNMENT  
OPERATIONS**



**MARCH 22, 1962.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed**

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**WASHINGTON : 1962**

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## LETTER OF TRANSMITTAL

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HOUSE OF REPRESENTATIVES,  
*Washington, D.C., March 22, 1962.*

HON. JOHN W. McCORMACK,  
*Speaker of the House of Representatives,*  
*Washington, D.C.*

DEAR MR. SPEAKER: By direction of the Committee on Government Operations, I submit herewith the committee's twelfth report to the 87th Congress. The committee's report is based on a study made by its Government Activities Subcommittee.

WILLIAM L. DAWSON, *Chairman.*

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,  
Washington, D.C., March 22, 1902.

Hon. JOHN W. McCOMBS,  
Speaker of the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: By direction of the Committee on Government Operations I submit herewith the committee's twelfth report to the 57th Congress. The committee's report is based on a study made by its Government Activities Subcommittee.

WILLIAM L. DAWSON, Chairman.



## CONTENTS

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	Page
I. Scope and background of the report .....	1
II. Findings and conclusions .....	2
III. Principal recommendations .....	2
IV. Expository text of report .....	3
A. Brief description of the U.S.-owned Nicaro plant and its operations .....	3
B. How Fidel Castro and the Cuban revolutionary forces harassed plant operations and finally seized the Nicaro plant and associated property of the United States .....	4
1. Early interference with plant operations .....	4
2. Cuba's imposition of exorbitant taxes in violation of its previous agreements with the United States .....	4
3. The decision to suspend operations of the Nicaro plant .....	6
4. The expropriation of the Nicaro plant on October 24, 1960 .....	7
5. On the same day that Cuba expropriated the Nicaro plant, GSA transferred \$352,000 to Cuba to pay salaries and extra fringe benefits to the plant employees .....	8
C. The fair value of the Nicaro plant and facilities expropriated by Cuba exceeded \$99 million .....	10
D. The termination claim of the Nicaro Processing Corp .....	12

# CONTENTS

Page	
1	I. Scope and background of the report
2	II. Findings and conclusions
3	III. Physical recommendations
3	IV. Hypothetical part of report
3	A. Brief description of the U.S.-owned Niagra plant and its operations
3	B. How Fidel Castro and the Cuban revolutionary forces seized the plant operations and finally seized the Niagra plant and associated property of the United States
4	1. Early interference with plant operations
4	2. Cuba's imposition of exorbitant taxes in violation of its previous agreements with the United States
5	3. The decision to suspend operations of the Niagra plant
7	4. The expropriation of the Niagra plant on October 21, 1960
7	5. On the same day that Cuba expropriated the Niagra plant, USA transferred \$252,000 to Cuba to pay salaries and extra fringe benefits to the plant employees
8	C. The fair value of the Niagra plant and facilities expropriated by Cuba exceeded \$29 million
10	D. The termination claim of the Niagra Processing Corp.

87TH CONGRESS }  
2d Session }

HOUSE OF REPRESENTATIVES }

REPORT  
No. 1478

## CUBA'S EXPROPRIATION OF U.S.-OWNED NICKEL PLANT AT NICARO, CUBA

MARCH 22, 1962.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

Mr. Dawson, from the Committee on Government Operations,  
submitted the following

### TWELFTH REPORT

BASED ON A STUDY BY THE GOVERNMENT ACTIVITIES  
SUBCOMMITTEE

On March 21, 1962, the Committee on Government Operations, after due consideration and on motion made and seconded, adopted the following report entitled "Cuba's Expropriation of U.S.-Owned Nickel Plant at Nicaro, Cuba." The chairman was directed to transmit a copy to the Speaker of the House.

#### I. SCOPE AND BACKGROUND OF THE REPORT

On October 24, 1960, the Fidel Castro government of Cuba nationalized the Cuban Nickel Co. and the Nickel Processing Corp., as well as over 160 other firms wholly or partially owned by citizens of the United States. Cuban Nickel Co. (CNC) was a Cuban corporation holding title to the Nicaro nickel plant at Nicaro, Cuba, and all of its stock was held by the General Services Administration (GSA) on behalf of the U.S. Government. The Nickel Processing Corp. (NPC) was a Delaware corporation operating the Nicaro nickel plant as agent for the United States under a contract with GSA.

Cuba accomplished such nationalization by seizing and expropriating all the property, funds, records, and facilities of these corporations in Cuba, including the nickel plant at Nicaro, Cuba, owned by the United States, and ousting their key personnel. The plant property at Nicaro had cost the United States well over \$100 million. It was a major source for the United States of a valuable strategic mineral.

On the very same day (October 24, 1960), GSA instructed NPC to transmit to Cuba, via the Royal Bank of Canada, the sum of \$352,000 in the form of a certified check. At the time GSA gave

this instruction, GSA had known (1) that Cuba had enacted a law in July 1960 establishing a policy of expropriation of foreign property; (2) that this law was soon implemented by Resolution No. 1, nationalizing 26 American firms, and by Resolution No. 2, nationalizing 3 banks; (3) that the Cuban Government had sought to impose heavy taxes and fees, contrary to previous agreements with the United States, which would have made further operation of the Nicaro nickel plant economically impossible; (4) that the United States had given appropriate notice of intention to terminate operation of the plant; and (5) that when the Cuban employees at the Nicaro plant learned that the plant would be shut down, they obstructed the shut-down plans and, with the aid of Cuban militia, interfered with plant operations and prevented orderly deactivation of the plant.

GSA endeavored on October 25 to stop the transfer of the funds but did not succeed. Thus, an additional \$352,000 fell into Castro's control.

This committee has previously examined GSA's operations of the U.S. Government's nickel plant at Nicaro (see H. Rept. 2390, 84th Cong., 2d sess. (June 15, 1956) and H. Rept. 684, 86th Cong., 1st sess. (July 17, 1959)).

Therefore, this committee decided to ascertain the facts and circumstances surrounding the Government's loss of the nickel plant and the \$352,000. Hearings were held on August 29 and 30, 1961, at which testimony was received from representatives of the General Services Administration, the Department of State, the Nickel Processing Corp., and others connected with the operation of the Nicaro nickel plant.

## II. FINDINGS AND CONCLUSIONS

1. The Cuban Government, under Fidel Castro, continually and without justification harassed and interfered with the management of the Nicaro nickel plant owned by the U.S. Government.

2. The taxes which the Cuban Government sought to impose on the operation of the Nicaro nickel plant were exorbitant and arbitrary, and were contrary to previous agreements made between Cuba and the United States.

3. The United States has a valid claim against Cuba, which exceeds \$99 million, for the expropriation of U.S. property, and as damages for interference with the operations of the U.S.-owned Nicaro nickel plant prior to its expropriation.

4. The General Services Administration may have been unduly hasty in expediting the transfer of \$352,000 to Cuba at a time when it knew that the Castro government of Cuba had established a policy to expropriate U.S. property and had engaged in a continued series of harassments and interference with the management and operation of the Nicaro nickel plant.

## III. PRINCIPAL RECOMMENDATIONS

1. The Government of the United States should maintain and vigorously assert its claim against Cuba for full compensation for the expropriation of U.S. property and for damages caused by the Cuban Government's harassment and interference with the management and operation of the Nicaro nickel plant prior to its expropriation. The



United States should consider whether any Cuban property which is or may in the future be within the United States, or otherwise become subject to U.S. jurisdiction, should be attached, in order to satisfy the claims of the United States.

2. The General Services Administration should, as promptly as feasible, settle the termination claim of the Nickel Processing Corp. on a basis which recognizes the actual work performed, and the actual costs incurred, by the company in terminating its operation of the Nicaro nickel plant.

#### IV. EXPOSITORY TEXT OF REPORT

##### A. BRIEF DESCRIPTION OF THE U.S.-OWNED NICARO PLANT AND ITS OPERATIONS

Oriente Province, in the eastern part of Cuba, contains large amounts of nickel ore. In 1942, during World War II, the United States constructed the Nicaro nickel plant in Oriente Province to produce nickel for essential metallurgical use in war industries. The plant was closed in March 1947, after approximately 40 months of operation. During those 40 months, the plant processed almost 3½ million short dry tons of nickel ore to produce over 63½ million pounds of nickel plus cobalt in nickel oxide.

When the Korean conflict began in June 1950, additional nickel became essential for the war industries of the United States supporting the United Nations forces in Korea. The United States therefore proceeded to rehabilitate and reactivate the Nicaro plant. The Cuban Nickel Co., whose stock was entirely held by GSA, had legal title to the plant, and the Nickel Processing Corp.,<sup>1</sup> pursuant to a contract with the United States, operated the plant.

In succeeding years, the United States expanded the plant facilities, explored for and acquired additional nickel-bearing ore properties in Cuba, contracted for metallurgical research, and increased plant production of nickel oxide, both powder and sinter. The Nicaro plant became a complete and integrated industrial community consisting of a metallurgical extraction plant; ore reserves; tailings; mining and ore transportation facilities; complete facilities for the production and distribution of utilities; laboratories; pilot plant; shops, warehouse, and storage installations; transportation system including a standard gage railroad, deepwater port for oceangoing vessels, and airplane landing strip; and a complete townsite including housing, school, hospital, theater, store, commissary, and other necessary facilities for the health, recreation, and welfare of plant personnel.

The expansion of the Nicaro plant made it capable of producing annually over 50 million pounds of nickel (metal content) in the form of nickel oxide. This annual production rate was achieved and exceeded in 1957 and continued until May 1958. Thereafter, the plant's production declined, partly because of Castro's revolutionary activities in the hills of Oriente Province which in 1959 culminated in the overthrow of the Cuban Government, and partly because the demand for nickel dropped in the United States. Production and

<sup>1</sup> The Nickel Processing Corp. was a Delaware corporation whose stock was initially held by Billiton Co. (50 percent), National Lead Co. (30 percent), and Fomento De Minerales Cubanos, S.A. (20 percent). Subsequently, Billiton Co. sold its interest to the other two companies, and eventually National Lead Co. acquired 74 percent ownership and the Cuban company 26 percent ownership, in Nickel Processing Corp.



shipments of processed nickel oxide from Cuba were continued at a somewhat reduced rate until the plant was expropriated by Cuba on October 24, 1960. During the period from 1950 to September 1960, the plant processed almost 14 million short dry tons of nickel ore to produce over 284 million pounds of nickel plus cobalt in nickel oxide, with total sales of almost \$155 million.

Although the United States did not recoup its investment in the plant, the United States received considerable benefit from the plant operations. The plant's nickel products were of vital importance to the war effort of the United States and its allies. The operation also demonstrated that the Nicaro process was technically feasible, and that steel producers could and would effectively utilize nickel oxide powder in lieu of metallic nickel for the production of steel. Some six U.S. patents were subsequently obtained on process improvements which were developed during the research program conducted while the plant was being operated.

## **B. HOW FIDEL CASTRO AND THE CUBAN REVOLUTIONARY FORCES HARASSED PLANT OPERATIONS AND FINALLY SEIZED THE NICARO PLANT AND ASSOCIATED PROPERTY OF THE UNITED STATES**

### ***1. Early interference with plant operations***

By mid-1958, Castro's revolutionary actions were adversely affecting normal plant operations, and on July 30, 1958, the Castro rebel forces seized the mine area and shops of the Nicaro plant. The regular Cuban Army forces engaged in numerous skirmishes with the rebels in and around the plant. Much plant equipment was removed by the rebel forces, several Cuban employees of the plant were killed by both the rebels and the regular army forces, and ore production at the plant was greatly hampered. By October 21, 1958, the rebel forces had taken over the entire area and facilities of the Nicaro plant.

Property losses at Nicaro resulting from the fighting during the rebellion amounted to more than \$1 million.

### ***2. Cuba's imposition of exorbitant taxes in violation of its previous agreements with the United States***

In September 1959, after this committee issued its report recommending that GSA proceed without undue delay to dispose of the nickel plant (H. Rept. 684, 86th Cong., 1st sess., July 17, 1959), GSA publicly offered to sell the plant. However, about a month later (Oct. 27, 1959) Cuba enacted a new mining law (Law 617), which required reregistration of all owned concessions and all applications for concessions, and imposed various taxes and fees that would have made the Nicaro operation economically impossible, as follows:

Five percent tax on minerals extracted from ore;

A 25 percent tax on minerals exported, based on the highest world quotation;

Annual tax of \$10 per hectare (2.471 acres) on each exploited concession (claim) and \$20 per hectare on each unexploited concession;

Registration fee of \$100 for reregistration of each concession or application.

Law 617 specified that any concession not reregistered, or for which taxes were not paid, would revert to the Cuban national reserves.

These onerous requirements precluded the possibility of receiving any acceptable proposal for purchase of the Nicaro plant. Moreover, since many of the mineral claims would not be exploited for many years, and since payment of the annual tax per hectare on the more than 20,000 hectares within the plant's concessions would have cost GSA between \$300,000 and \$400,000 each year, GSA decided to reregister only those claims which would be mined within the next 8 to 10 years, and to abandon the remainder of the claims. Accordingly, 12 claims whose surface area totaled about 2,900 hectares were reregistered. The remainder of the U.S. mineral claims were abandoned, thus reducing the total ore reserves of the Nicaro plant from 30 million to 14.5 million tons of ore.

From its inception, the Nicaro operation had been exempt from most Cuban taxes, custom duties on equipment and supplies imported for use in the operations, and taxes on the export of nickel. These exemptions were authorized in some nine Presidential decrees issued by the Cuban Government, at various times from 1942 to 1953. In granting the exemptions, Cuba expressly recognized (1) that the Nicaro plant was contributing substantially to hemispheric defense; (2) that the plant operations brought great benefits to the Cuban economy by its continuous employment of a substantial number (1,700 to 2,800) of Cuban citizens with an average annual payroll of about \$5,700,000, as well as by its local expenditure of additional funds for materials, supplies, and services; (3) that the plant was a nonprofit operation; and (4) that the exemptions were essential to the operation and expansion of the plant.

Of the Presidential decrees, three were issued after the 1950 reactivation of the Nicaro plant. The last of these decrees (Decree 1234, May 8, 1953), was based on an exchange of formal communications between the Governments of Cuba and the United States. These communications constitute, in the opinion of U.S. Government attorneys, a binding bilateral agreement which could be terminated only by agreement between the United States and Cuba. The United States relied on these tax-exemption agreements when it initiated the 75-percent expansion of the plant capacity, which was completed in 1957.

The exemption provisions were honored by all the Cuban governments until November 30, 1959, when local customs officials refused to permit the loading of a cargo of nickel oxide for export unless the 25-percent export tax enacted the previous month was paid.

Decree 1234 had specifically provided that its provisions "shall remain in force unless specifically amended or repealed by a subsequent provision." The United States, therefore, asserted that the decree had not been abrogated by the general provisions of Law 617, which did not specifically legislate or decree a revision of Decree 1234.

From December 1959 to September 1960, the United States and Cuba engaged in extensive negotiations concerning the U.S. claim for tax exemption and the matter of possible sale of the plant. The United States was willing to agree to a reasonable tax arrangement—in the order of \$1,500,000 to \$1,750,000 per year based on the current level of operations, as compared to the \$5,250,000 to \$9 million per year tax which would result from Law 617. But these negotiations proved inconclusive, and on September 20, 1960, the Cuban representatives issued an ultimatum requiring payment of the Cuban taxes after October 1, 1960.

In the meantime, the pattern for the shape of things to come became more gloomy when Cuba enacted Law 851 in July 1960, establishing a policy of expropriating foreign property, and soon thereafter implemented this law by resolutions nationalizing a considerable number of the American firms then doing business in Cuba.

### **3. *The decision to suspend operations of the Nicaro plant***

In view of Cuba's ultimatum requiring payment of all taxes and fees under Law 617, and Cuba's refusal to discuss the matter of taxes, the United States decided to suspend the Nicaro operation rather than to continue to expend Government funds to produce nickel which could not be shipped out of Cuba without payment of confiscatory taxes. Accordingly, on September 29, 1960, the U.S. Ambassador delivered notes to the Government of Cuba, stating that operation of the plant would be suspended 30 days thereafter, and reaffirming the willingness of the United States to discuss either the sale of the plant or a reasonable tax arrangement which would permit resumption of plant operations. On the next day GSA notified officials of the Nickel Processing Corp. of the proposed suspension of operations, and gave them written detailed instructions for effecting an orderly shutdown of the plant. The shutdown procedure contemplated that the plant employees would continue on the payroll through October 29 and would be paid their wages and other fringe benefits, such as accrued vacation and sick leave pay, Christmas bonuses, etc.<sup>2</sup>

Although the American Ambassador had already notified the Cuban Government of the impending shutdown, the NPC management at Nicaro considered itself legally obligated under Cuban law to deliver its own notice of shutdown to the Cuban Government, and NPC did so on October 5. The day before (October 4) NPC had notified the plant employees of the impending shutdown.

The reason for NPC's delay in notifying the plant employees and the Cuban Government is not apparent. NPC clearly knew on September 30 that notice of shutdown of the plant had been given by the Ambassador to the Cuban Government, and had received instructions from GSA to effect a shutdown. The fact that a written copy of the Ambassador's notice of suspension was apparently not received by NPC at Nicaro until October 4 does not seem to justify NPC's delay. In any event, after some disagreement between the GSA, NPC, and the State Department as to when the 30-day notice became effective, the State Department decided, and GSA concurred, that GSA was legally obligated to continue the plant in an operating status through November 4 (30 days after NPC had delivered its notice of October 5), and, accordingly, that GSA must pay Nicaro employees the fringe and wage benefits accrued through November 4, rather than through October 29.

The State Department and GSA made these decisions because they believed (1) that any other action might place all Americans at Nicaro in jeopardy; (2) that such payments were necessary to avoid charges of violation of Cuban law, as well as charges of abandonment, which

<sup>2</sup> There was some question whether the labor agreement at the plant required payment of vacation payments prior to actual vacation, unused sick leave prior to January, and Christmas bonuses prior to Dec. 22, if plant operations were terminated prior to these dates. However, it was decided to interpret the labor agreement liberally and thus to make these payments upon termination of plant operations.



might be used by Cuba to justify seizure of the plant; (3) that it was important to maintain the good will of the plant employees in order to facilitate resumption of plant operations if that became possible in the future; and (4) that the United States must meticulously observe all of its legal obligations to the employees of the Nicaro plant.

The United States and its operating agents at the Nicaro plant had had excellent relations with the Cuban employees at the plant. It was the principal source of year-round, gainful employment in that portion of Oriente Province, where seasonal agricultural work was the other principal source of livelihood. Although there were a few non-Cubans in management and technical mining engineer capacities, the bulk of the operation, from manual to skilled requirements, including clerical tasks, was performed by Cubans. The Cuban workers enjoyed the new job opportunities and the good working conditions at the plant. They were proud of the community facilities provided for the workers, such as the hospital, school, theater, etc. They had not wanted the plant to be taken over by the Cuban Government. In fact, when the Castro government began to expropriate American-owned firms in Cuba, and rumors arose that the Cuban Government would take over the Nicaro plant, delegations of workers from the plant journeyed to Havana to plead with the Castro officials not to close the plant, citing the good pay and working conditions under U.S. ownership as advantages they did not want to lose. It is possible that their efforts may have delayed the eventual expropriation of the plant.

The announcement by NPC on October 4, 1960, that the plant would be closed within 30 days produced consternation among the Cuban employees. They wanted the plant operations, and their jobs, to continue, and so they refused to obey the management orders to deactivate the plant. The plant employees, and their union, took over the supervision of plant operations, refused to permit withdrawal of mining equipment, continued to produce nickel ores and oxides contrary to the orders of the regular management, and threatened reprisals on anyone who might attempt to carry out the shutdown instructions.

GSA was informed, by October 5, that the plant employees had in effect taken over (intervened) the plant and usurped the functions of management. Nevertheless, the State Department and GSA adhered to their decision to make full and meticulous payment of salary and the fringe benefits to all the plant employees. GSA apparently made no effort to inform the employees that salary and fringe benefit payments would be withheld until they followed instructions.

#### ***4. The expropriation of the Nicaro plant on October 24, 1960***

On October 24, 1960, Cuba issued Resolution No. 3, pursuant to Law 851 of July 1960, nationalizing the Cuban Nickel Co. and the Nickel Processing Corp., and all the property of these companies, as well as more than 160 other American-owned firms. GSA officials learned of the nationalization that evening, when it was announced on radio.

Next day, October 25, Cuban militia sealed the files and records of the plant and prevented their withdrawal. On October 26, representatives of the Cuban Government officially took possession of the Nicaro plant.





The Royal Bank of Canada, which had an account of the Cuban Government in its main office in Canada, notified its Montreal office, by telephone and telegraph, and appropriate bookkeeping entries were made in the bank's accounts in Montreal. The Royal Bank of Canada also notified the National Bank of Cuba about the transaction.

That evening, GSA and NPC officials learned by radio that Cuba had nationalized CNC and NPC. NPC therefore contacted the Royal Bank the next morning and sought to stop the transfer of the \$352,000. The Royal Bank initially said it would do so, but later stated, although the certified check was still physically in the possession of the Royal Bank's New York office, that the money had been transmitted to Cuba. According to GSA, what the Royal Bank meant by transmission was only that the actual bookkeeping entries had been made in the bank's books in Montreal. GSA officials went to Montreal and were assured by the Royal Bank's representatives that instructions had been sent to its Cuba representatives to stop the transaction. However, the Royal Bank's representatives later admitted to GSA that no such instructions were ever given; and neither the certified check nor equivalent money was ever returned to NPC in New York or to GSA.

The Royal Bank of Canada knew that the certified check represented money for the account of GSA, to be delivered for GSA's account (i.e., NPC, agent for GSA), but the Royal Bank did not deliver the money for GSA's account. It is clear that the Royal Bank, even after making the bookkeeping entry in its Montreal records, had full ability to make a reverse bookkeeping entry in its Montreal records for the funds which were clearly not funds in Cuba, but were funds of the United States represented by the certified check then physically in the Royal Bank's New York office. Even if the New York office had already cashed the certified check, the funds were still physically either in New York or Montreal, and not Cuban funds. The Royal Bank's refusal to return the check or funds to NPC in New York violated the bank's obligation to NPC, its failure to cancel the transaction was grossly negligent, and its unjustified actions amounted to a conversion of GSA's money.

GSA later turned the matter over to the Department of Justice, and the U.S. attorney in New York thereafter filed suit against the Royal Bank in the U.S. District Court for the Southern District of New York for the amount of the check, plus interest from October 25, 1960, and costs of the suit (*United States v. Royal Bank of Canada*, 61 Civil 2224). The suit is still pending.

Just what happened to the \$352,000 is unclear. The Royal Bank of Canada, of course, received the funds when the check was cashed. The Royal Bank credited the sum on its books in Canada to the account of the National Bank of Cuba, which is an arm of the Castro government.

The committee does not know whether the Royal Bank of Canada actually paid any of these funds to the National Bank of Cuba, or whether the Castro government used these funds, or any part of them, to pay to the Nicaro plant employees the particular wages and fringe benefits for the payment of which the funds had been drawn by GSA. Presumably, since the Castro government has continued the plant

operation, it has continued to pay wages to the Cuban employees (at least those remaining in the plant—some 800 have already been replaced or displaced), but Cuba probably did not pay the workers any of the termination bonuses which were included in the \$352,000.

The \$352,000, moreover, represented amounts payable for the period from October 4 to November 4, and since Cuba became the owner of the plant on October 24 by virtue of its expropriation, Cuba, not the United States, was obliged to pay the cost of wages and other employee benefits after October 24, and hence the United States in any event has a proper claim against Cuba for at least a portion of the \$352,000.

GSA was aware that the plant employees were refusing to deactivate the plant; that their refusal was being supported by the Cuban militia who obviously reflected the official attitude of the Cuban Government; that the Cuban policy of expropriating American-owned property might result, at any moment, in nationalizing the plant; and that nationalization prior to November 5 would have reduced the amount of the U.S. obligation to pay wages and other employee benefits for any period after the date of nationalization.

The committee recognizes (a) that GSA had ample reason to fear that any withholding of wage payments might result in physical harm or jeopardy to the few U.S. citizens who were then still at the Nicaro plant; and (b) that GSA endeavored to comply meticulously with its obligations to the plant employees and to afford no basis upon which anyone might charge the United States with abandonment of the plant or improper treatment of the Cuban employees.

The committee nevertheless believes that GSA may have been unduly hasty in expediting the transfer of the \$352,000 to Cuba, rather than waiting until plant operations were fully suspended before transmitting funds to Cuba for final payments to the plant employees.

#### C. THE FAIR VALUE OF THE NICARO PLANT AND FACILITIES EXPROPRIATED BY CUBA EXCEEDED \$99 MILLION

The U.S. Government invested over \$110 million in the Nicaro plant. Although the United States had recouped some of this investment through depreciation charges, the amount of loss which the United States sustained from the expropriation of the Nicaro nickel facilities was almost \$100 million, according to the following computation (see hearings, p. 37) prepared by GSA as the basis for the U.S. claim against the Cuban Government.

## NICARO NICKEL PROJECT

*Statement of losses caused by nationalization by Government of Cuba on Oct. 25, 1960*

Cash, plant and commissary:	
On hand.....	\$348, 418
Imprest funds.....	8, 488
In banks.....	145, 654
In transit from United States of America to Cuba.....	352, 000
	<hr/>
	\$854, 560
Accounts receivable.....	37, 343
Inventories:	
Commissary merchandise.....	161, 432
Work in process.....	295, 434
Nickel oxide sinter (2,289,555 pounds at 68.9 cents).....	1, 577, 503
Nickel oxide powder (1,088,695 pounds at 68.3 cents).....	743, 579
Operating materials, supplies, and spare parts:	
In Cuba.....	\$3, 528, 572
In transit to Cuba.....	175, 177
	<hr/>
	3, 703, 749
Ore stockpiles (127,174 short dry tons at \$1.62).....	206, 130
Prepaid expenses, refundable deposits, and deferred charges.....	41, 681
Plant and equipment:	
Land, plant site.....	\$521, 916
Ore deposits and ore rights.....	2, 675, 586
Buildings and structures.....	30, 685, 860
Operating equipment.....	54, 192, 835
Office equipment.....	234, 252
Construction in progress.....	56, 181
	<hr/>
	88, 366, 630
Metallurgical residues (tailings) (7,000,000 tons, at 50 cents per ton) -	3, 500, 000
	<hr/>

Total value of assets lost by nationalization..... 99, 488, 041

If the United States receives no reimbursement for these losses from Cuba, the total out-of-pocket losses of the United States in connection with the Nicaro nickel project (after taking into account all profits from sale of the nickel oxide produced by the plant) will exceed \$38 million.

The committee believes that the Department of State, with the aid of GSA, should vigorously assert the claim of the United States against Cuba for full compensation for the expropriation of the U.S. property at Nicaro and for damages caused by the Cuban Government in harassing and interfering with the management and operation of the Nicaro facilities prior to their expropriation. The committee is informed that Cuba, not having accepted the compulsory jurisdiction of the International Court of Justice, would not be subject at this time to a proceeding before that body. However, the United States should consider whether any Cuban property which is or may in the future be in the United States, or subject to the jurisdiction of the United States, should be attached in order to satisfy the claims of the United States. The claims of the United States, of course, would have priority over the claims which many private citizens have against Cuba. The committee is informed that very little property of Cuba is now in the United States.

In any event, the committee expects that the State Department and GSA will carefully document the claims of the United States for use in possible future negotiations between the United States and Cuba for the settlement of the U.S. claims against Cuba.

**D. THE TERMINATION CLAIM OF THE NICARO PROCESSING CORP.**

Cuba's nationalization of CNC and NPC, and its expropriation of the plant facilities, automatically terminated NPC's operational activities at Nicaro, leaving only the NPC office in New York in active status. This office thereafter devoted its efforts to settling outstanding obligations, and was closed on December 30, 1960, when the GSA-NPC operations contract expired by its own terms. GSA then took over the uncompleted work of settling the remaining service and supply contracts.

GSA has offered to pay NPC \$6,000 as its contractor's fee for the unproductive months of November and December, but NPC has contended that its fee should be based on the average monthly fee for the first 10 months of 1960. The matter has not yet been settled.

The committee believes that the GSA should, as promptly as feasible, settle NPC's termination claim on a basis which recognizes the actual work performed, and the actual costs incurred, by NPC in terminating its operation of the Nicaro nickel plant.





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